



June 11, 2012

Shoshana M. Grove
Secretary
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268-0001

Re: Amended Reply Rides Free Data Collection Report (Docket No. MC2011-20)

As required by Order No. 685 in Docket No. MC2011-20, the Postal Service presents an amended data collection report on the 2011 Reply Rides Free[®] Volume Incentive Program ("Reply Rides Free Program"). The changes reflect the completion of the postage credit review that was not completed for 9 participants at the time of the initial report on February 9, 2012. This report also includes a small reduction in administrative costs based on updated data. This amended report (including the updated Excel worksheet) completely replaces the initial report that was filed on February 9, 2012.

The Reply Rides Free Program was a First-Class Mail[®] sales incentive campaign offered by the United States Postal Service. The objectives of the campaign were to address the negative trend of First-Class Mail volume and to create incremental revenue by providing business customers with incentives to augment the number of First-Class Mail Presorted and Automation Letters mailed. The program ran from January 2, 2011 through December 31, 2011.

There were a total of 88 certified participants in the 2011 Reply Rides Free Program.¹ Of those certified participants, 5 (6%) participants received rebates, and 83 (94%) participants did not receive rebates.

A total of \$2,524,772.25 in rebate credits was paid. Rebate earners mailed an additional 38,819,458 pieces above their individual thresholds during the incentive program period.

¹ Beginning in August 2011, the application window for mailers interested in participating in the Reply Rides Free Program reopened. Interested applicants were allowed to participate in the Program from September 1, 2011 through the Program's conclusion on December 31, 2011. Three certified participants out of the 88 participant total joined the Program beginning in September 2011, and one of these three received a rebate.

COMMISSION-REQUESTED DATA

There is one workbook filed in conjunction with this report. The workbook titled “Amended USPS RRF Data Rpt.xls” includes the following data requested by the Commission:

- The FY 2009 and FY 2010 First-Class Mail Presort and Automation Letters volume for each participating mailer;
- The number of discounted additional ounces for each participating mailer;
- The total amount of discounts received by each participating mailer;
- The total volume and revenue of Reply Rides Free mail;²
- The estimated administrative cost of the program (please see “Administrative Cost” section found below in this document).

Mailer identifications are masked in the workbook, and the data are segmented in mailer-specific worksheets.

The data contained in “Amended USPS RRF Data Rpt.xls” include the postage credits earned by participating mailers by program quarter and program year. For a mailer to receive a quarterly postage credit, the mailer must have exceeded its pre-determined quarterly mail volume threshold AND its pre-determined annual mail volume threshold. A mailer who did not meet or exceed its annual mail volume threshold is not eligible for any quarterly or annual postage credits, even if a customer met or exceeded a quarterly mail volume threshold. A postage credit amount of \$0.125 is awarded to a customer for each piece of qualifying Reply Rides Free mail sent, provided that the customer satisfied the volume threshold criteria noted above. If a customer did not mail qualifying Reply Rides Free pieces, the customer is not eligible for a postage credit, irrespective of whether the customer satisfied the volume threshold criteria noted above.

The data provided in the workbook come from USPS PostalOne! data systems and, where necessary, mailer-provided Mail Service Provider (MSP) volumes. Note that in some cases modifications were made to customer data during the verification and reconciliation process. The main sources of variance were misidentification of permit account ownership, and ownership and identification of volume entered by third-party MSPs. The mailer records have been updated to reflect these modifications.

² The Postal Service recognizes that the Commission requested “the total volume and revenue of Reply Rides Free mail **by presort category**.” The systems used to capture the Reply Rides Free volume entered into the mail were not designed to differentiate by presort category, so the Postal Service is unable to provide the level of detail requested by the Commission. However, the Postal Service believes that the presort breakdown for Reply Rides Free mail is not significantly different from the presort breakdown for First-Class Mail automation letters in general.

Since our initial report we have finalized the eligible mail volumes for 8 of those 9 customers and have listed those customer id's below and have highlighted the tabs in the attachment. The other remaining customer had since dropped out of the program:

001515
001549
013217
018433
020365
111440
800347
800390

ADMINISTRATIVE COST

The actual administrative costs for the program to date were approximately \$782,000:

Expense Item	(in whole \$s)
Program Support - Dedicated USPS Personnel	\$187,925
Contractor analytical support	\$485,000 ³
Registration website creation	\$9,032
Production of customer print communications	\$100,000
Total as of 5/31/2012	\$781,957

Sincerely,

David H. Rubin
Attorney

³ The projection in the initial report was \$525,000. However, the new figure reflects information obtained since the initial report about the contractors' allocation of time to this project.